GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1028
ANSWERED ON:22.07.2016
Mudra Loan
Gandhi Shri Feroze Varun;Kambhampati Dr. Hari Babu;Kothapalli Smt. Geetha;Sathyabama Smt. V.

Will the Minister of FINANCE be pleased to state:

(a) whether Micro Unit Development and Refinance Agency (MUDRA) loans have been extended through Micro Finance Institutions (MFIs) and other registered co-operative societies under Non Governmental Organisations (NGO's) in the Country, if so, the details thereof;
(b) the details of the amount disbursed through the said scheme so far;
(c) whether a large amount of loan disbursed under the said scheme through MFI, if so, the reasons therefor along with the differences of MUDRA loans and MFI loans;
(d) the manner in which the Government ensures that extensive amount of capital refinancing through MFI do not become bad debt in absence of collateral; and
(e) whether the Government also proposes to increase its share in the financial cost of these loans and is so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a)&(b) Loans under Pradhan Mantri Mudra Yojana (PMMY) are extended by banks and MFIs. Details of PMMY loans disbursed by MFIs so far are as under:

Amount Disbursed since 08.04.2015 to 15.07.2016(Amount in Rs. crore) MFIs
(Amount in Rs.crore)
1,59,552.39 57,762.23

(c)As per data compiled by Sa-dhan, one of the Self-Regulatory Organisations in the MFI sector,Rs. 70,747 crore has been disbursed by MFIs in 2015-16as loans. Loans under PMMY by MFIs for the corresponding period were Rs. 45,904 crore. MFIs have been able to extend their loans through their reach and door step delivery.

While PMMY loans are loans below Rs. 10 Lakh for non-farm income generation activities in manufacturing, processing, trading and service sector, other MFI loans may be for consumption, purposes, education, agriculture etc.

(d)Against total lending of Rs. 57,762.23 crore by MFIs till 15.07.2016, only Rs. 1,063 crore has been refinanced by MUDRA Ltd. This has been refinanced on the basis of MFIs fulfilling certain conditions which would ensure that bad debt are kept in check. These inter alia include internal appraisal of the MFI by MUDRA/SIDBI, risk based priced assessment, geographical distribution, social parameters, membership of credit bureau, minimum rating of MFR5 by CRISIL or its equivalent, net Non-Performing Assets (NPA) of not more than 3%.etc..
In addition the Government has established a credit guarantee to provide portfolio guarantee to the extent of 50%. The guarantee cover is linked to a risk based guarantee fee mechanism.
(e)PMMY has no subsidy component.